

**NATIONAL
GOVERNORS'
ASSOCIATION**

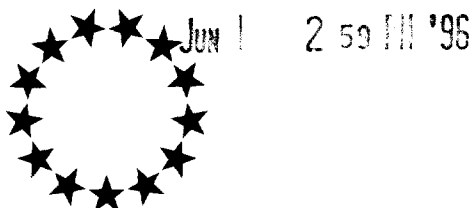
EX PARTE OR LATE FILED

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JUN 14 1996

June 14, 1996

FCC MAIL ROOM

Honorable Reed Hundt
Chairman
Federal Communications Commission
Room 814
1919 M Street, N.W.
Washington, D.C. 20554

Dear Commissioner Hundt:

**RE: EX PARTE COMMENTS - Two copies filed: In the Matter of
Implementation of the Local Competition Provisions in the
Telecommunications Act of 1996 - CC Docket No. 96-98**

Governors view high-quality communications services as essential for the economic development of states, and competition is the best way to advance infrastructure development and deployment. It is well known that business location decisions are driven, in part, by the cost and quality of available communications services. As Governors, we also need to assure that all of our constituents, residential as well as business customers, receive quality service at low, market driven prices.

The National Governors' Association (NGA) consistently promoted state concerns during the development and passage of the Telecommunications Act of 1996. We were successful in efforts to ensure that the Act reserved states' authority to manage the transition to competition. This authority is based on the greater accessibility of states to businesses, consumers, and telecommunications companies in local markets, and the expertise that states have developed as regulators of telecommunications. A strong state role can help ensure a more competitive environment while avoiding rate and customer service disruptions. We urge you to include in the final rule clear recognition of an effective state role so that competition is not delayed.

On April 19, 1996, the Federal Communications Commission (FCC) issued a proposed rulemaking in the above-captioned proceeding. As we reviewed it, we were concerned that it may not engender the spirit of cooperation found in the Act, and downplayed the provisions in 47 U.S.C. § 152 (b) for clear state authority over intrastate regulation, particularly in the regulatory framework established in 47 U.S.C. § 251-2 for approving or arbitrating interconnection agreements. The Act clearly envisions a joint effort between the states and the FCC in implementing telecommunications reform.

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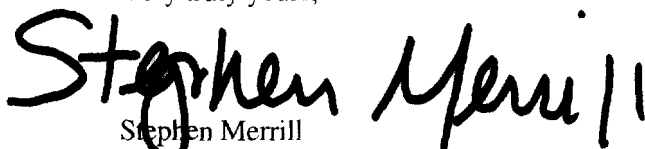
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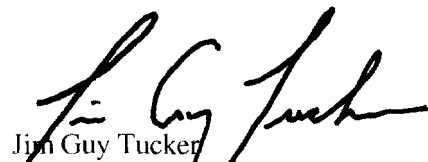
Pricing is a key ingredient of any competitive market, and flexibility is needed for states to achieve competition in the wide variety of markets across the nation. We urge you to adopt an approach that builds on existing state efforts, since some states have begun to move toward competition and should be allowed to continue forward.

We believe the FCC should set broad guidelines, allowing states the flexibility needed to respond to local market pressures and to develop an effective competitive approach required by the terms of the Act. Clear, succinct, national guidelines that are consistent with the broad standards in the statute will provide a framework that will facilitate the review of interconnection agreements by the states and can minimize unnecessary litigation at state and federal taxpayer expense.

We are moving forward to implement competition in our states because it is in the best interests of our residents and vital to the continued growth of our economies. We would be happy to discuss this with you at any time. If your staff have any questions or comments, please do not hesitate to call Tim Masanz at NGA at 202/624-5311.

Very truly yours,


Stephen Merrill
Co-lead Governor on Telecommunications


Jim Guy Tucker
Co-lead Governor on Telecommunications

- c. Commissioner James H. Quello
- Commissioner Susan Ness
- Commissioner Rachelle B. Chong